

UNIVERSITI TEKNOLOGI MARA

**EXPLORING THE RELATIONSHIP
BETWEEN THE DIGITAL
LITERACY SKILLS, DIGITAL
FINANCIAL INCLUSION AND
SOCIO-ECONOMIC
DEVELOPMENT AMONG B40 IN
SELANGOR**

**NAILY IRDINA IMAN BINTI
MOHAMMAD NAZIM**

MSc

October 2025

ABSTRACT

The digital world, where technology is pivotal for economic growth and national development, emphasizes the importance of digital literacy skills and practice in fostering digital financial inclusion, particularly for B40 groups. These lower-income households face socio-economic challenges such as single parenthood, limited education, poor health, and high living costs. Considering these issues, this research aimed to identify the level of technical skills, cognitive skills, ethical skills, socio-economic development, and digital financial inclusion among B40 groups in Selangor; to examine the relationship between technical skills, cognitive skills, ethical skills, socio-economic development, and digital financial inclusion among B40 groups in Selangor; and to examine the relationship between digital financial inclusion and socio-economic development among B40 groups in Selangor. The method taken in this research was a quantitative method, and it was used to distribute survey questionnaires to B40 groups in Selangor. By employing the Raosoft Sample Calculator, population of B40 three districts in Selangor; Petaling, Klang and Hulu Langat, which totals 33,243 households, the sample size for this research consists of 380 B40's. Out of the entire set of responses, 337 in number, 277 were deemed to be valid and complete which is 17.8% were rejected due to missing values. The data were analyzed using the Statistical Package for the Social Sciences and SmartPLS software, with a particular focus on performing descriptive analysis and structural equation modelling. The results indicate that 4 out of 5 hypothesis testing has yielded statistically significant findings. The technical, cognitive, ethical, and social-emotional aspects of digital literacy skills have significant relationships to digital financial inclusion, which also plays a crucial role in socio-economic development. The research findings suggest that organizations, government and societies within Selangor should prioritize training and allocating resources to enhance B40's in Selangor overall socio-economic development. The research's empirical contributions include validated instruments and hypotheses that can be utilized in future research to further explore the relationships between Digital Literacy, Digital Financial Inclusion, and Socio-Economic Development. This study enriches digital literacy and financial inclusion theories by demonstrating how technical, ethical, and socio-emotional skills significantly influence socio-economic development among the B40 community. Methodologically, the study provides a validated survey instrument and applies structural equation modelling (SEM) to examine digital literacy, digital financial inclusion, and socio-economic development in an underrepresented population. The findings show the importance of reducing poverty, creating employment, increasing income, enhancing living standards, bringing about social justice, decreasing income inequality, and improving quality of life while supporting other goals of sustainable development in Malaysia, especially SDGs 1, 8, 10, and 11. Practically, the findings guide policymakers and organizations to design targeted digital literacy and digital financial inclusion initiatives that support poverty reduction, income growth, and sustainable development goals.

ACKNOWLEDGEMENT

First and foremost, I am deeply grateful to Allah SWT for granting me the strength, perseverance, and opportunity to undertake and complete this academic journey. This dissertation represents a significant personal and professional milestone, and I am sincerely proud of the path that has led me to this point. Along the way, I have been fortunate to receive support and encouragement from many individuals, to whom I owe my deepest appreciation.

I would like to extend my utmost gratitude to my main supervisor, Associate Professor Dr. Shamila Mohamed Shuhidan, for her continuous support, expert guidance, and invaluable feedback throughout the course of this research. Her confidence in my abilities and her thoughtful direction have been instrumental in shaping this work. I am also sincerely thankful to my co-supervisor, Dr. Husain Hashim, for his constructive input and encouragement during this process.

My sincere appreciation also goes to the Postgraduate Centre and the management team of the School of Information Science, College of Computing, Informatics and Mathematics, Universiti Teknologi MARA, for their administrative support and encouragement throughout my studies.

Most importantly, I would like to acknowledge the unwavering support of my beloved parents and family. Their constant encouragement, patience, and sacrifices have been a source of strength and motivation throughout this journey. I am also deeply thankful to my friends and research team, whose support, camaraderie, and collaboration have contributed significantly to the completion of this dissertation.

This accomplishment would not have been possible without the support and contributions of all these individuals. Thank you.

TABLE OF CONTENTS

	Page
CONFIRMATION BY PANEL OF EXAMINERS	ii
AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	xii
LIST OF FIGURES	xvi
LIST OF ABBREVIATIONS	xviii
CHAPTER 1 OVERVIEW OF RESEARCH	1
1.1 Introduction	1
1.2 Research Background	3
1.3 Problem Statement	7
1.3.1 Lack of Digital Literacy Skills Perspectives Among the B40	8
1.3.2 Underutilised Digital Financial Inclusion	10
1.3.3 Deprivation of Socio-Economic Development	12
1.4 Research Objectives	13
1.5 Research Questions	14
1.6 Overview of Research Approach and Framework	14
1.7 Scope and Purpose of Study	15
1.8 Operational Definition of Terms	16
1.8.1 B40 Group	16
1.8.2 Digital Literacy Skills	16
1.8.3 Technical Skills	17
1.8.4 Cognitive Skills	17
1.8.5 Ethical Skills	17
1.8.6 Socio-Emotional Skills	17
1.8.7 Digital Financial Inclusion	18

CHAPTER 1

OVERVIEW OF RESEARCH

1.1 Introduction

Digital technology has brought about a revolution to the twenty first century. According to Surianarayanan, C., (2019), digital transformation brings digital technologies into all facets of a company, affecting people, technology, systems, and processes. Technological advancement has shaped many different aspects of daily life such as communication, education, commerce, and governance, from their basic form into something totally new due to its fast speed of revolution. This leads to a life surrounded by access and usage of technology, i.e. to be digitally connected to society. Digital technologies infiltrate and reshape all elements of economic and socio activity, resulting in the emergence of new activities, services, inventions, and commercial prospects. Digital literacy includes the competencies, understanding, and mindsets necessary for proficiently accessing, evaluating, and making use of digital information (Julien, H., 2019; Baron, R. J., 2019). As technology progresses, the breadth of digital literacy has broadened to include a greater variety of skills and tools. Digital literacy has progressed along with technological innovations, transitioning from early computer use to contemporary smartphones. This evolution necessitates proficiency in both in-person and online interactions (Hicks et al., 2019).

Digital literacy can also be defined as an individual's capacity to interact with information (search, find, and classify information) and solve technical tasks and gaps using tools. Digital literacy skills are essential for people to engage with the information society and become part of it, excluding which causing them to fall into the "digital divide" (Кудлай, 2019). From the given perspective, digital literacy can be seen as more of an intellectual construct. Therefore, its competency is assessed via cross-study or cross-generation with the use of materials and features from various media forms. In terms of researched trends, communication, problem-solving, and collaboration have proven to be the most significant digital skills, whereas information literacy and critical thinking are identified as attributes within the given skills' spectrum (Silber-Varod et al., 2019). According to Ali, A., et al. (2023), digital literacy is essential for reducing poverty, promoting economic growth, increasing possibilities, and advancing human